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SC PUBLIC SERVICE COMMISSION

March 9, 2005

2005-48-E

VIA HAND DELIVERY
The Honorable Charles Terreni
Chief Clerk and Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Schedule HP-Flex (SC), Hourly Pricing, Flexible Baseline (Pilot) and Rider NL (SC), Economic Development for New Load (Pilot)

Dear Mr. Terreni:

Duke Power, a division of Duke Energy, requests Commission approval of two proposed new rate schedules, Schedule HP-Flex (SC), Hourly Pricing, Flexible Baseline (Pilot) and Rider NL (SC), Economic Development for New Load (Pilot). Enclosed are 10 copies of each proposed tariff. **The Company respectfully requests approval of these rates to be effective beginning April 8, 2005 through December 31, 2007.** These rates will offer customers who choose Duke Power's hourly pricing rate option the flexibility to determine the amount of their load that is subject to the variability of marginal cost-based hourly prices. Marginal cost pricing provides incentives that lead to efficient utilization of plant and equipment, minimizing the cost to provide electricity and ultimately the cost of goods and services produced with electricity.

The Company began offering real-time pricing rates (hourly pricing) to its customers beginning in 1993. Presently Duke Power has 59 customers taking service under its hourly pricing tariffs; including 24 in South Carolina. The demand and energy prices based on hourly expected marginal production costs represents about 1% of Duke Power's system demand and energy. Internal studies of customer response to hourly pricing signals in times of limited generation reserves indicate that these customers can reduce system demand by up to 200 MW, or about 1% of peak demand. The Company has found its use of hourly pricing rates to be effective in terms of providing efficient price signals to customers, helping to reduce peak load, and encouraging economic growth.

A number of commercial and industrial customers have requested more flexibility in managing their electricity costs. The Company's existing Hourly Pricing Schedule HP-X offers hourly marginal cost-based prices for load that varies from a Customer Baseline. Proposed Schedule HP-Flex will enhance this offering by giving customers the option to select a Pricing Baseline that is different from the Customer Baseline. By selecting a Pricing Baseline customers can assume either more or less price risk.

Currently, under Schedule HP-X a Customer Baseline is established that represents the typical hourly consumption for the customer under the standard tariff (e.g. G, GA, I, OPT, etc.). The customer is billed for the baseline at the standard tariff rate. Prices for each of the next 24 hours beginning at midnight are communicated daily to the customer. For usage above the baseline the customer pays the hourly price. For usage that falls below the baseline, the customer receives a credit at the hourly price. The customer is able to respond to the price signals and modify consumption, purchasing more when prices are low, and less when prices are high. For load above the baseline, the customer is exposed to the risk of changing hourly prices.

Under the HP-Flex proposal, the customer may choose to accept more or less pricing risk than under current Schedule HP-X. The customer may select a Pricing Baseline that is higher than the conventional Customer Baseline and lock into prices for the difference between the Customer Baseline and the Pricing Baseline. The locked-in prices are based on an annual forecast of hourly marginal prices. In this case, customers are subject to: 1) fixed standard tariff rates for the Customer Baseline, 2) forecasted hourly prices for the difference between the Customer Baseline and the Pricing Baseline and 3) actual hourly prices for consumption above (or below) the Pricing Baseline.

Conversely, a customer may select a Pricing Baseline that is lower than the Customer Baseline and lock into credits for the difference between the Customer Baseline and the Pricing Baseline. In this case the customer is subject to: 1) fixed standard tariff rates for the Customer

Baseline, 2) forecasted hourly prices in the form of credits for the difference between the Pricing Baseline and the Customer Baseline and 3) actual hourly prices for consumption above (or below) the Pricing Baseline.

In selecting a Pricing Baseline for a 12 month period, the Customer may elect that the Pricing Baseline be above or below the Customer Baseline for only a designated portion of the 12 month period. For example, a Customer may choose a Pricing Baseline higher than the Customer Baseline for summer months. In the non-summer months, the Pricing Baseline would not be different than the Customer Baseline. Or a Customer may select a Pricing Baseline different from the Customer Baseline for all on-peak hours during the 12 month period. In all cases any difference between the Customer Baseline and the Pricing Baseline that is selected by the customer must remain constant for a period of at least four consecutive months.

The locked-in prices either paid or credited are valid for a designated 12 month period. When the customer reduces price risk by selecting a Pricing Baseline that is higher than the Customer Baseline, a risk premium is charged. Conversely when a customer increases price risk by selecting a Pricing Baseline that is lower than the Customer Baseline, the credits received include a risk premium. In both cases the risk premium is associated with the volatility of hourly prices and the resulting potential for forecast error. Calculation of this risk premium is based on the Value at Risk method commonly used by the financial and insurance industries and currently used in the Company's Fixed Payment Program for residential customers.

Under the Company's existing Schedule HP-X rates customers pay an incremental demand charge for demand above the Customer Baseline and a contribution margin to cover fixed costs applied to energy usage relative to the baseline. These components apply in the same manner in the proposed HP-Flex rate. In addition, the fuel adjustment factor applies to the energy charges under the Pricing Baseline in HP-Flex, in the same manner that it currently applies to the energy charges under the Customer Baseline in Schedule HP-X.

The forecast of hourly prices for the Pricing Baseline is to be developed once per year. As a result, an annual enrollment period for the Pricing Baseline will be established. Customers who select a Pricing Baseline must commit to service under HP-Flex for the 12 month period of the price forecast. During that time the customer may not change rate schedules nor change the Pricing Baseline. At the end of the 12 month period, the customer has the option of choosing a

Pricing Baseline for a new 12 month period, reverting to the original Customer Baseline, or returning to a conventional rate schedule.

HP Flex provides Rider NL to new customers bringing new load to the system. Rider NL is in addition to the Company's existing economic development riders (Rider EC and Rider ER). The marginal cost pricing of proposed Rider NL may be attractive for new load to Duke Power's system. Under Rider NL, a customer that meets the specified requirements with regard to new load begins service with a Customer Baseline initially established at zero. All energy is priced at hourly prices. Over four years the Customer Baseline is incrementally increased to the level that would normally be established for full operation of the facility. As a result the amount of demand and energy priced at marginal cost pricing is incrementally decreased, while the amount of demand and energy priced at standard tariff rates is incrementally increased. Over the four year period, the contribution to fixed costs paid by the customer is also phased in, beginning at zero and ending with the full contribution to fixed costs. The new customer may also choose a Pricing Baseline for additional flexibility with respect to price risk. The availability of Rider NL provides a tool to attract business investment to South Carolina. As the load remains on the system beyond the phase-in period, all customers benefit from spreading fixed costs over a larger customer base.

Duke Power plans to limit service under Schedule HP-Flex and Rider NL to 80 customers on the system. This limit will accommodate the existing HP-X customers that may switch to the HP-Flex rate as well as about 25 customers who choose hourly pricing for the first time. Unlike the current Schedule HP-X, these new hourly pricing options do not require a minimum contract demand. Additionally, an administrative charge is assessed for service under the proposed HP Flex schedules. This charge is designed to recover additional costs related to service under these schedules, such as developing the price forecast models, providing pricing information to customers, specialized billing processing and providing metering data to customers.

Schedule HP-Flex and Rider NL provide additional options to customers; the existing Schedule HP-X remains available.

Concurrently with this filing for Schedule HP-Flex and Rider NL, the Company requests minor changes in the wording of existing Schedule HP-X, highlighted on the attached document. This wording clarifies actual practice regarding Power Factor Correction and

Modifications of the CBL. In addition, Rider LR is updated to include proposed Schedule HP-Flex in the applicability section.

The proposed new tariffs and the proposed changes to Schedule HP-X and Rider LR are attached for Commission approval. **Duke Power respectfully requests approval by April 8, 2005** in order to complete implementation of internal processes necessary for a spring 2005 enrollment period.

Finally, five copies of this filing are being provided to Dan F. Arnett of the South Carolina Office of Regulatory Staff.

Sincerely,

Lara Simmons Nichols
Assistant General Counsel
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P.O. Box 1244, PBO5E
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Enclosures
cc: Dan F. Arnett
Chief of Staff
South Carolina Office of Regulatory Staff

RIDER NL (SC)
ECONOMIC DEVELOPMENT FOR NEW LOAD
(Pilot)

AVAILABILITY (South Carolina Only)

Available, only at the Company's option, to nonresidential establishments receiving service from the Company under Schedule HP-Flex, provided that the establishment is not classified as Retail Trade or Public Administration by the Standard Industrial Classification (SIC) Manual published by the United States Government.

This Rider is available for load associated with initial permanent service in a new establishment not previously served by the Company or a new Customer in an existing establishment served or previously served by the Company, provided the establishment has been unoccupied and/or has remained dormant for a minimum period of six months, as determined by the Company. To qualify for service under this Rider, the Customer must meet the qualifications under A. or B. below

A. The Customer must employ an additional workforce in the Company's service area of a minimum of thirty-five (35) full time equivalent (FTE) employees per 500 KW of New Load. Employment additions must occur following the Company's approval for service under this Rider.

B. The Customer's New Load must result in capital investment of two hundred thousand dollars ($200,000) per 500 KW of New Load. The capital investment must occur following the Company's approval for service under this Rider.

This Rider is not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. This Rider is also not available for load shifted from one establishment or delivery on the Duke system to another on the Duke system, or to an existing customer adding load in an existing establishment. However, if a change of ownership occurs after the customer contracts for service under this Rider, the successor customer may be allowed to fulfill the balance of the contract under Rider NL.

DEFINITIONS

New Load: New Load is that which is added to the Company's system as a result of the new customer taking service in a new establishment, or at an existing establishment provided the establishment has been unoccupied and/or has remained dormant for a minimum period of six months, as determined by the Company.

Delivery Date: The Delivery Date is the first date service is supplied under the contract.

Month: The term "month" as used in this Rider means the period intervening between readings for the purpose of monthly billings. Readings will be collected each month at intervals of approximately thirty (30) days.

GENERAL PROVISIONS

1. The Customer must make an application to the Company for service under this Rider and the Company must approve such application before the Customer may receive service hereunder. The application must include a description of the amount of and nature of the new load and the basis on which the Customer requests qualification shown in A. or B. under Availability above. In the application, the Customer must affirm that availability of this Rider was a factor in the Customer's decision to locate the new load on the Duke system.
2. To continue service under this Rider, the Customer must maintain a minimum monthly average of 300 hours use of demand.
3. All terms and conditions of Schedule HP-Flex applicable to the individual customer shall apply to service supplied to the Customer except as modified by this Rider.

MODIFICATIONS TO HP-FLEX CUSTOMER BASELINE

The Customer and the Company will identify the Customer's HP-Flex CBL expected to exist when the facility is at full operation. The Customer Baseline is increased in stages according to the following schedule.

The demand (KW) and kilowatt hours (kWh) for the Customer Baseline under Schedule HP-Flex shall be as follows:

Months 0 – 12	zero KW and zero kWh
Months 13-24	the lower of 25% of HP-Flex CBL at full operation or 80% of load for previous 12 months
Months 25-36	the lower of 50% of HP-Flex CBL at full operation or 80% of load for previous 12 months
Months 37-48	the lower of 75% of HP-Flex CBL at full operation or 80% of load for previous 12 months
After Month 48	100% of HP-Flex CBL at full operation

MODIFICATION TO CONTRIBUTION TO FIXED COSTS

The Contribution to Fixed Costs applicable under Schedule HP-Flex and this Rider shall be as follows:

Months 0 – 12	0 cents per kWh
Months 13-24	.125 cents per kWh
Months 25-36	.25 cents per kWh
Months 37-48	.375 cents per kWh
After Month 48	.5 cents per kWh

CONTRACT PERIOD

Each customer shall enter into a contract to purchase electricity from the Company for a minimum original term of one (1) year, but the Company may require a contract for a longer original term of years where the requirement is justified by circumstances. The Customer's contract will continue thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term, or at any time thereafter, by giving at least sixty (60) days' previous notice of such termination in writing. If the Customer requests a change in rate schedule from HP-Flex to another applicable schedule and such change is made by the Company, Rider NL will no longer be available to the Customer. If at any time during the term of contract under this Rider, the Customer violates any of the terms and conditions of the Rider or the agreement, the Company may discontinue service under this Rider, and bill the customer under the applicable schedule. In the event the Customer requests an amendment to or termination of an agreement under this Rider before the expiration of the initial term of contract, and such request changes the agreement under Schedule HP-Flex, the Customer may be required to pay the Company an early termination charge as set forth in the Schedule HP-Flex.

South Carolina Original (Proposed) Leaf No. XX
Effective for bills on and after ________ 2005
PSCSC Docket No. 2005-___-__
Order dated ________

SCHEDULE HP-X (SC)
HOURLY PRICING FOR INCREMENTAL LOAD

AVAILABILITY (South Carolina Only)

Available to non-residential establishments with a minimum Contract Demand of 1000 KW who qualify for service under the Company's rate schedules G, GA, I, GT, IT, OPT, or PG, at the Company's option on a voluntary basis. The maximum number of customers on the system to be served under this schedule is one hundred fifty (150).

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single, contiguous premises.

This Schedule is not available for a customer who qualifies for a residential schedule, nor for auxiliary or breakdown service. Power delivered under this schedule shall not be used for resale or as a substitute for power contracted for or which may be contracted for, under any other schedule of the Company, except at the option of the Company, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits, for the delivery of such power. The Company shall not be liable to any customer or applicant for power in the event it is delayed in, or is prevented from, furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

The Company may cancel this schedule at any time it deems necessary.

TYPE OF SERVICE

The Company will furnish 60 Hertz service through one meter, at one delivery point at one of the following approximate voltages, where available:

Single-phase, 120/240 volts; or
3-phase, 208Y/120 volts, 460Y/265 volts, 480Y/277 volts; or
3-phase, 3-wire, 240, 460, 480, 575, or 2300 volts; or
3-phase, 4160Y/2400, 12470Y/7200, or 24940Y/14400 volts; or
3-phase voltages other than those listed above may be available at the Company's option if the size of the Customer's contract warrants a substation solely to serve that Customer, and if the Customer furnishes suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications.

The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the nearest office of the Company before purchasing equipment.

Motors of less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators. The Company reserves the right, when in its opinion the installation would not be detrimental to the service of the Company, to permit other types of motors.

BILL DETERMINATION

The monthly bill under this schedule shall be the sum of the Baseline Charge, Rationing Charge, Incremental Demand Charge, Standby Charge (if applicable), and Energy Charge and shall be the minimum bill.

Where: Baseline Charge = $ amount calculated from CBL
Rationing Charge = Sum of [(New Load kWh per hour – Reduced Load kWh per hour) X Hourly Rationing Charge)]
Incremental Demand Charge = Incremental Demand KW X $.25 per KW
Standby Charge = (see Provision for Customers Operating in Parallel with the Company)
Energy Charge = (a) + (b)

Where:
(a) = Sum of [(New Load kWh per hour – Reduced Load kWh per hour) X Hourly Energy Charge]
(b) = Net New Load kWh X .5 Cents per kWh Incentive Margin

DEFINITIONS

Customer Baseline Load (CBL): The CBL (kWh per hour) is one full year (365 days) of the individual customer's hourly loads representing the customer's energy use and load pattern on the applicable qualifying rate schedule. The CBL, as agreed to by the Customer and the Company, is used to define the level of kWh in each hour, above which all kWh will be billed at the hourly energy prices described under Schedule HP-X.

New Load: New Load (kWh per hour) is the amount by which actual kWh in any hour exceeds the CBL kWh for the same hour.

Reduced Load: Reduced Load (kWh per hour) is the amount by which actual kWh in any hour is less than the CBL kWh for the same hour.

Net New Load: Net New Load (kWh per month) is the sum of New Load kWh per hour during the month less the sum of Reduced Load kWh per hour during the month.

Incremental Demand: The Incremental Demand for local distribution facilities (KW per month) is the amount by which the maximum integrated 30–minute demand during the month for which the bill is rendered exceeds billing demand used in determining the baseline charge for the same period.

Month: The term "month" as used in the Schedule means the period intervening between readings of electronic pulse data for the purpose of monthly billings. Such data will be collected each month at intervals of approximately thirty (30) days.

Contract Demand: The Company will require contracts to specify a Contract Demand which will be the maximum demand to be delivered under normal conditions.

RATE:

Baseline Charge: The Baseline Charge ($/month) is determined each month by calculating a bill on the current revision of the customer's qualifying rate schedule using Customer Baseline Load for the month to arrive at the appropriate monthly demand and energy amounts. All provisions of the qualifying rate schedule, including Determination of Billing Demand, Minimum Bill, Adjustment for Fuel Cost, Extra Facilities Charge, Interconnection Facilities Charge, etc. will apply to the bill calculation used to determine the Baseline Charge.

Rationing Charge: The Rationing Charge (¢/kWh) consists of a generation component and/or a transmission component and/or a distribution component and will be determined on an hourly basis during the month. The generation component applies to any hour of the month when low reserve margins for available generation are expected to require the operation of combustion turbines. The transmission and/or distribution component applies to any hour during the billing month when the system demand is expected to exceed 90 percent of the forecasted summer peak demand. The transmission component applies to customers served from the transmission system. Both the transmission and distribution components apply to customers served from the distribution system. If none of the above conditions occur during the month, the Rationing Charge will be zero. The Rationing Charge will be communicated as described in Energy Price Determination.

Incremental Demand Charge: $ .25 per KW per month

Energy Charge: The Energy Charge (¢/kWh) is the hourly charge equal to expected marginal production cost including line losses, and other directly-related costs. The Energy Charge will be communicated as described in Energy Price Determination.

Incentive Margin: .5¢ per kWh which is applied to Net New Load.

DETERMINATION OF PRICING PERIODS

Each hour of the day is a distinct pricing period. The initial pricing period of the day is a one-hour period beginning at 12:00:01 a.m. and ending at 1:00:00 a.m. The last pricing hour of the day begins at 11:00:01 p.m. and ends at 12:00 midnight.

ENERGY PRICE DETERMINATION

Each business day by 4:00 p.m., the hourly Energy Charges, and Rationing Charges, if applicable, for the 24 hours of the following day will be communicated to the Customer. Prices for weekends and Company holidays will be communicated to the Customer by 4:00 p.m. on the last business day before the weekend or holiday. The customer is responsible for notifying the company if he fails to receive the price information.

PROVISION FOR CUSTOMERS OPERATING IN PARALLEL WITH THE COMPANY

If a customer has power generating facilities operated in parallel with the Company and the Baseline Charge is not calculated under Schedule PG, the Standby Charge, along with the paragraphs, Determination of Standby Charges and Interconnection Facilities Charge shall be applicable to service under this schedule. The Incremental Demand Charge does not apply to any incremental demand that is less than Standby Demand.

PROVISION FOR CUSTOMERS SERVED UNDER RIDER IS

For customers served under Rider IS, the Interruptible Contract Demand shall be the same as that contracted for during the baseline period. Further, the calculation of the Effective Interruptible Demand (EID) each month will exclude all energy consumed above the CBL. The Rationing Charge will not apply to reduced load above Firm Contract Demand during the hours of interruption periods.

POWER FACTOR CORRECTION FOR INCREMENTAL LOAD

When the average monthly power factor of the Customer's power requirements is less than 85 percent, the Company may correct the kWh of load and the kilowatts of Incremental Demand, by multiplying by 85 percent and dividing by the average power factor in percent for that month.

When the hourly power factor of the Customer's power requirement is less than 85 percent, and the customer is operating in parallel, the Company will correct the kWh of load for that hour, and the kilowatts of Incremental Demand, if established in that hour, by multiplying by 85 percent and dividing by the average power factor in percent for that hour.

ADJUSTMENT FOR FUEL COSTS
The Company's Adjustment for Fuel Costs is incorporated as a part of, and will apply to all service supplied under the Schedule, including determination of the Baseline Charge.

INTERIM LOAD RETENTION RIDER
The Company's Interim Load Retention Rider decrement will apply to service supplied to establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual published by the United States Government, and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.

EXTRA FACILITIES CHARGE
A monthly "Extra Facilities Charge" equal to 1.7% of the installed cost of extra facilities necessary for service under Schedule HP-X, but not less than $25, shall be billed to the Customer in addition to the bill under Schedule HP-X described under Bill Determination and any applicable Extra Facilities Charge included in the Baseline Charge.

MODIFICATIONS OF THE CBL
The CBL will normally represent a full year under the same rate design or structure, and may be reestablished every four years. Modifications to the CBL may be allowed at the option of the Company under certain situations. These situations may include, but are not limited to, the following:

- Adjustments of load patterns associated with annual plant shutdowns, or to smooth random variations in the load pattern, provided the modifications result in revenue neutrality
- One-time permanent modifications to the physical establishment capacity completed prior to initiating service on this schedule
- Adjustments to reflect any Company-sponsored load management program

PAYMENT
Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 1/2%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD
Each Customer shall enter into a contract to purchase electricity under this schedule for a minimum original term of one (1) year, and thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term, or at any time thereafter, by giving at least sixty (60) days previous notice of such termination in writing.

South Carolina Fourth Revised Leaf No. 54
Adjustment for Fuel Costs
Effective for bills on and after June 1, 2004
PSCSC Docket No. 2004-003-E
Interim Rate Reduction Rider
Expired for bills on and after October 1, 2004
PSCSC Docket No. 2003-271-E
Interim Load Retention Rider
Effective with October 2004 billing cycles
PSCSC Docket No. 2004-250-E
Order No. 2004-450

RIDER LR (SC)
INTERIM LOAD RETENTION RIDER (SC)

APPLICABILITY (South Carolina only)

This Rider is applicable to customers receiving service from the Company under Schedules I, IT, HP-X, HP-Flex, OPT, MP, DIV, GB or PG in establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual published by the United States Government, and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.

All service supplied to industrial establishments as defined above is subject to a credit (decrement) to the energy charges of the Rate set forth in the approved rate schedules. This rider is effective for bills rendered on and after the first billing cycle in October 2004 through September 2005. The rate schedules reflect a credit of 0.1100 cents per kWh.

The appropriate revenue-related tax factor will be applied.

SCHEDULE HP-FLEX (SC)
HOURLY PRICING, FLEXIBLE BASELINE
(Pilot)

AVAILABILITY (South Carolina Only)
Available to non-residential establishments which qualify for service under the Company's rate schedules G, GA, I, GT, IT, OPT or PG, at the Company's option on a voluntary basis. The maximum number of Customers on the system to be served under this Schedule is eighty (80).

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single, contiguous premises.

This Schedule is not available for a Customer who qualifies for a residential schedule, nor for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or as a substitute for power contracted for or which may be contracted for, under any other schedule of the Company, except at the option of the Company, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits, for the delivery of such power. The Company shall not be liable to any Customer or applicant for power in the event it is delayed in, or is prevented from, furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

The Company may cancel this Schedule at any time it deems necessary.

TYPE OF SERVICE
The Company will furnish 60 Hertz service through one meter, at one delivery point, at one of the following approximate voltages, where available:

Single-phase, 120/240 volts; or
3-phase, 208Y/120 volts, 460Y/265 volts, 480Y/277 volts; or
3-phase, 3-wire, 240, 460, 480, 575, or 2300 volts; or
3-phase, 4160Y/2400, 12470Y/7200, or 24940Y/14400 volts; or
3-phase voltages other than those listed above may be available at the Company's option if the size of the Customer's contract warrants a substation solely to serve that Customer, and if the Customer furnishes suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications.

The type of service supplied will depend upon the voltage available. Prospective Customers should determine the available voltage by contacting the nearest office of the Company before purchasing equipment.

Motors of less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators. The Company reserves the right, when in its opinion the installation would not be detrimental to the service of the Company, to permit other types of motors.

GENERAL PROVISIONS
This Schedule incorporates a Customer Baseline (CBL) and a Customer-selected Pricing Baseline (PBL). The CBL represents the annual Customer load profile that would exist if the Customer were billed on one of the standard rates shown in the Availability section of this Schedule. Load above and below the CBL is subject to a day ahead hourly price, however, in order to manage the risk associated with the hourly price, the Customer may select and contract for an annual load profile, identified as a Pricing Baseline, that may be different from the CBL. The variation in load above and below the PBL is subject to the Hourly Price as defined herein. The difference between the PBL and the CBL is assessed a PBL Adjustment Charge/Credit for each hour of the contract year during which the PBL is in effect. The PBL Adjustment Charge/Credit is based on the expected price for each hour of the contract year, as forecasted by the Company.

The Company will determine an annual enrollment period during which the Customer and the Company must agree on the Pricing Baseline. If the Customer elects to set the PBL equal to the CBL, no PBL charges or credits will apply. At the end of the contract year, the PBL will automatically be set equal to the CBL unless the Customer establishes a new PBL for the next contract year, or discontinues service under this Schedule.

DEFINITIONS
Customer Baseline (CBL): The CBL (kWh per hour) is one full year (365 days) of the individual Customer's hourly loads representing the Customer's energy use and load pattern on the applicable qualifying rate schedule.

Net Incremental Energy: Energy above the CBL less energy below the CBL for the month.

DEFINITIONS (continued)

Pricing Baseline (PBL): The PBL (kWh per hour), as agreed to by the Customer and the Company, is used to define the level of kWh in each hour, above which all kWh will be billed at the hourly prices. Reductions below the PBL will be credited at hourly prices. The PBL shall not be less than the Customer's minimum expected load nor greater than the Customer's maximum expected load. The PBL will be established for a 12-month period and may be equal to the CBL for any or all hours. Within the 12 month period, any difference between PBL and CBL must remain at a constant level for at least 4 consecutive months. Termination of the PBL prior to the 12-month period is addressed in the Contract Period and Early Termination section below.

New Load: New Load (kWh per hour) is the amount by which actual kWh in any hour exceeds the PBL kWh for the same hour.

Reduced Load: Reduced Load (kWh per hour) is the amount by which actual kWh in any hour is less than the PBL kWh for the same hour.

Hourly Rationing Charge: The Hourly Rationing Charge (¢/kWh) consists of a generation component and/or a transmission component and/or a distribution component and will be determined on an hourly basis during the month. The generation component applies to any hour of the month when low reserve margins for available generation are expected to require the operation of combustion turbines. The transmission and/or distribution component applies to any hour during the billing month when the system demand is expected to exceed 90 percent of the forecasted summer peak demand. The transmission component applies to customers served from the transmission system. Both the transmission and distribution components apply to customers served from the distribution system. If none of the above conditions occur during the month, the Rationing Charge will be zero.

Hourly Energy Charge: The Hourly Energy Charge (¢/kWh) is the hourly charge equal to expected marginal production cost including line losses, and other directly-related costs.

Hourly Price: The Hourly Price (¢/kWh) is the sum of the Hourly Rationing Charge and the Hourly Energy Charge.

Forecasted Hourly Price for PBL Adjustment: The Forecasted Hourly Price for PBL Adjustment is the year ahead forecasted hourly price per kilowatt hour used to determine the PBL Adjustment Charge.

PBL Risk Premium: A monthly charge (or credit) will be applied to compensate the Company or Customer for taking additional price risk associated with the choice of a PBL.

Incremental Demand: The Incremental Demand for local distribution facilities (KW per month) is the amount by which the maximum integrated 30–minute demand during the month for which the bill is rendered exceeds the Billing Demand plus Standby Demand (if applicable), or for time of use rates, the On-peak Billing Demand, plus Economy Demand, plus Standby Demand, (if applicable) used in determining the CBL charge for the same billing period.

Contract Demand: The Company will require contracts to specify a Contract Demand which will be the maximum demand to be delivered under normal conditions.

Month: The term "month" as used in this Schedule means the period intervening between readings of electronic pulse data for the purpose of monthly billings. Such data will be collected each month at intervals of approximately thirty (30) days.

RATE:

Administrative Charge: $365.00 per month.

CBL Charge: The CBL Charge ($/month) is determined each month by calculating a bill on the current version of the Customer's qualifying rate schedule using the CBL for the month to arrive at the appropriate monthly demand and energy amounts. All provisions of the qualifying rate schedule, including Determination of Billing Demand, Minimum Bill, Approved Fuel Charge Adjustments, Extra Facilities Charge, Interconnection Facilities Charge, etc. will apply to the bill calculation used to determine the CBL Charge.

PBL Adjustment Charge/Credit: The sum of the Forecasted Hourly Price for PBL Adjustment and any Fuel Charge Adjustment that occurs after the PBL is established is multiplied by the difference between the PBL and CBL for each hour. The result is summed for all hours of the billing month. The PBL Risk Premium is added to this sum to obtain the PBL Adjustment Charge/Credit.

Incremental Demand Charge: $ 0.25 per KW of Incremental Demand per month

Contribution to Fixed Costs: A charge of $0.005/kWh will be applied to the Net Incremental Energy for the month, but shall not be less than zero.

BILL DETERMINATION

The monthly bill under this Schedule shall be the sum of the Administrative Charge, CBL Charge, PBL Adjustment Charge/Credit, Hourly Charges, Incremental Demand Charge, Standby Charge (if applicable), and Contribution to Fixed Costs and shall be the minimum bill.

Where: Administrative Charge = \$365.00 per month
CBL Charge = \$ amount calculated from CBL
PBL Adjustment Charge/Credit = \$ amount calculated from PBL
Hourly Charges = Sum of [(New Load kWh per hour – Reduced Load kWh per hour) X (Hourly Price)]
Incremental Demand Charge = Incremental Demand KW x \$0.25 per KW
Standby Charge = (see Provision for Customers Operating in Parallel with the Company)
Contribution to Fixed Costs = Net Incremental Energy X Contribution to Fixed Costs, but not less than zero

MINIMUM BILL

The minimum bill shall be the bill calculated according to Bill Determination above, but the Incremental Demand Charge shall not be less than \$0.25 per KW times 50% of the Contract Demand.

DETERMINATION OF PRICING PERIODS

Each hour of the day is a distinct pricing period. The initial pricing period of the day is a one-hour period beginning at 12:00:01 a.m. and ending at 1:00:00 a.m. The last pricing hour of the day begins at 11:00:01 p.m. and ends at 12:00 midnight.

HOURLY PRICE DETERMINATION

Each business day by 4:00 p.m., the Hourly Energy Charges, and Hourly Rationing Charges, if applicable, for the 24 hours of the following day will be communicated to the Customer. Prices for weekends and Company holidays will be communicated to the Customer by 4:00 p.m. on the last business day before the weekend or holiday. The Customer is responsible for notifying the Company if he fails to receive the price information.

DETERMINATION OF HOURLY PRICES FOR PBL ADJUSTMENT

Each year, the Company will perform a 12-month forecast of hourly prices used to determine the PBL Adjustment Charge.

CONFIDENTIALITY

The hourly Energy Charges and Rationing Charges and the PBL Adjustment Charge communicated to the Customer (collectively Charges) are confidential and proprietary information of the Company. The Customer will use the Charges only in connection with service under this Schedule. The Customer will keep the Charges confidential and shall not disclose the Charges to any third party. The Customer is entitled to disclose the Charges to the Customer's employees or agents who have a business need to know for the purpose of operating under this Schedule. The Customer will advise those to whom it discloses the Charges their obligation not to disclose the information except as permitted under this Schedule. In addition to seeking relief from the Commission for a violation of this Agreement, the Company will have a right to resort to all actions available at law or at equity for a breach of this provision.

PROVISION FOR CUSTOMERS OPERATING IN PARALLEL WITH THE COMPANY

If a Customer has power generating facilities operated in parallel with the Company and the CBL Charge is not calculated under Schedule PG, the Standby Charge, Determination of Standby Charges and Interconnection Facilities Charge provisions of Schedule PG shall be applicable to service under this Schedule. The Incremental Demand Charge does not apply to any incremental demand that is less than Standby Demand.

PROVISION FOR CUSTOMERS SERVED UNDER RIDER IS

For Customers served under Rider IS, the Interruptible Contract Demand shall be the same as that contracted for during the baseline period. Further, the calculation of the Effective Interruptible Demand (EID) each month will exclude all energy consumed above the CBL. The Hourly Rationing Charge will not apply to reduced load above Firm Contract Demand during the hours of interruption periods.

POWER FACTOR CORRECTION

When the average monthly power factor of the Customer's power requirements is less than 85 percent, the Company may correct the kWh of Load for each hour, and the kilowatts of Incremental Demand by multiplying by 85 percent and dividing by the average power factor in percent. When the hourly power factor of the Customer's power requirements is less than 85 percent, and the Customer is operating in parallel, the Company will correct the kWh of Load for that hour, and the kilowatts of Incremental Demand, if established in that hour, by multiplying by 85 percent and dividing by the average power factor in percent for that hour.

APPROVED FUEL CHARGE ADJUSTMENTS

The Company's Adjustment for Fuel Costs is incorporated as a part of, and will apply to all service supplied under this Schedule, including determination of the CBL and PBL charges.

INTERIM LOAD RETENTION RIDER

The Company's Interim Load Retention Rider decrement will apply to service supplied to establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual published by the United States Government, and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.

EXTRA FACILITIES CHARGE

A monthly "Extra Facilities Charge" equal to 1.7% of the installed cost of extra facilities necessary for service under this Schedule, but not less than $25, shall be billed to the Customer in addition to the bill under this Schedule described under Bill Determination and any applicable Extra Facilities Charge included in the CBL Charge.

MODIFICATIONS OF THE CBL and PBL

The CBL and PBL will normally represent a full year under the same rate design or structure. The CBL may be reestablished every four years. Modifications to the CBL or the PBL may be allowed at the option of the Company under certain situations. These situations may include, but are not limited to, the following:

- Adjustments of load patterns associated with annual plant shutdowns, or to smooth random variations in the load pattern, provided the modifications result in revenue neutrality
- One-time permanent modifications to the physical establishment capacity completed prior to initiating service on this schedule
- Adjustments to reflect any Company-sponsored load management program
- Changes in Contract Demand.

PAYMENT

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 1/2%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD AND EARLY TERMINATION

Each Customer shall enter into a contract to purchase electricity under this Schedule for a minimum original term of one (1) year, but the Company may require a contract for a longer original term of years where the requirement is justified by circumstances. The Customer's contract will continue thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term or at any time thereafter, by giving at least sixty (60) days previous notice of such termination in writing. In the event the Customer requests an amendment to or termination of the agreement before the expiration of the initial term of contract, the Customer shall pay to the Company as an early termination charge the lower of:

(a) The net present value of the monthly minimum bills, including, but not limited to, basic facilities, demand, and extra facilities charges, for the remaining term under the agreement less the expected net present value of the monthly minimum bills for the initial term of contract of any successor Customer who has applied for service at the premises prior to the effective date of the contract amendment or termination, provided, however, this amount shall not be less than zero.

or

(b) The sum of:

1) The loss due to early retirement ("LDER") of all transmission and distribution facilities specifically installed by the Company in order to provide the Customer with electric service under the agreement to the extent that such facilities will not be utilized by the Company to provide service under the initial term of contract of any successor Customer who has applied for service at the premises prior to the effective date of the contract amendment or termination. The LDER amount shall be calculated as the installed cost of such facilities less accumulated depreciation, less any salvage value, plus removal cost, provided, however, this amount shall not be less than zero;

and

2) A payment necessary to recover marginal costs for all energy consumed above the CBL. This payment will be calculated as the difference between the PBL Adjustment Charge collected from the Customer under this Schedule for the current period for which a PBL has been established and an amount determined by applying Hourly Prices under this Schedule to the PBL established for the current period, provided however that this amount cannot be less than zero.

If the Customer discontinues the PBL prior to the completion of the 12-month period for which the PBL is established, the Customer must discontinue service under this schedule and must take all service under the applicable standard tariff as described in the Availability section. In addition, the Customer must make a payment sufficient for the Company to recover marginal costs for all energy consumed above the CBL. This payment will be calculated as the difference between the PBL Adjustment Charge collected from the Customer under this Schedule for the period during which the PBL has been effective and an amount determined by applying the actual Hourly Prices realized under this Schedule to the PBL for that period, provided however that this amount cannot be less than zero.

SCHEDULE HP-FLEX (SC)
HOURLY PRICING, FLEXIBLE BASELINE
(Pilot)

AVAILABILITY (South Carolina Only)
Available to non-residential establishments which qualify for service under the Company's rate schedules G, GA, I, GT, IT, OPT or PG, at the Company's option on a voluntary basis. The maximum number of Customers on the system to be served under this Schedule is eighty (80).

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single, contiguous premises.

This Schedule is not available for a Customer who qualifies for a residential schedule, nor for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or as a substitute for power contracted for or which may be contracted for, under any other schedule of the Company, except at the option of the Company, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits, for the delivery of such power. The Company shall not be liable to any Customer or applicant for power in the event it is delayed in, or is prevented from, furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

The Company may cancel this Schedule at any time it deems necessary.

TYPE OF SERVICE
The Company will furnish 60 Hertz service through one meter, at one delivery point, at one of the following approximate voltages, where available:

Single-phase, 120/240 volts; or
3-phase, 208Y/120 volts, 460Y/265 volts, 480Y/277 volts; or
3-phase, 3-wire, 240, 460, 480, 575, or 2300 volts; or
3-phase, 4160Y/2400, 12470Y/7200, or 24940Y/14400 volts; or
3-phase voltages other than those listed above may be available at the Company's option if the size of the Customer's contract warrants a substation solely to serve that Customer, and if the Customer furnishes suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications.

The type of service supplied will depend upon the voltage available. Prospective Customers should determine the available voltage by contacting the nearest office of the Company before purchasing equipment.

Motors of less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators. The Company reserves the right, when in its opinion the installation would not be detrimental to the service of the Company, to permit other types of motors.

GENERAL PROVISIONS
This Schedule incorporates a Customer Baseline (CBL) and a Customer-selected Pricing Baseline (PBL). The CBL represents the annual Customer load profile that would exist if the Customer were billed on one of the standard rates shown in the Availability section of this Schedule. Load above and below the CBL is subject to a day ahead hourly price, however, in order to manage the risk associated with the hourly price, the Customer may select and contract for an annual load profile, identified as a Pricing Baseline, that may be different from the CBL. The variation in load above and below the PBL is subject to the Hourly Price as defined herein. The difference between the PBL and the CBL is assessed a PBL Adjustment Charge/Credit for each hour of the contract year during which the PBL is in effect. The PBL Adjustment Charge/Credit is based on the expected price for each hour of the contract year, as forecasted by the Company.

The Company will determine an annual enrollment period during which the Customer and the Company must agree on the Pricing Baseline. If the Customer elects to set the PBL equal to the CBL, no PBL charges or credits will apply. At the end of the contract year, the PBL will automatically be set equal to the CBL unless the Customer establishes a new PBL for the next contract year, or discontinues service under this Schedule.

DEFINITIONS
Customer Baseline (CBL): The CBL (kWh per hour) is one full year (365 days) of the individual Customer's hourly loads representing the Customer's energy use and load pattern on the applicable qualifying rate schedule.

Net Incremental Energy: Energy above the CBL less energy below the CBL for the month.

DEFINITIONS (continued)

Pricing Baseline (PBL): The PBL (kWh per hour), as agreed to by the Customer and the Company, is used to define the level of kWh in each hour, above which all kWh will be billed at the hourly prices. Reductions below the PBL will be credited at hourly prices. The PBL shall not be less than the Customer's minimum expected load nor greater than the Customer's maximum expected load. The PBL will be established for a 12-month period and may be equal to the CBL for any or all hours. Within the 12 month period, any difference between PBL and CBL must remain at a constant level for at least 4 consecutive months. Termination of the PBL prior to the 12-month period is addressed in the Contract Period and Early Termination section below.

New Load: New Load (kWh per hour) is the amount by which actual kWh in any hour exceeds the PBL kWh for the same hour.

Reduced Load: Reduced Load (kWh per hour) is the amount by which actual kWh in any hour is less than the PBL kWh for the same hour.

Hourly Rationing Charge: The Hourly Rationing Charge (¢/kWh) consists of a generation component and/or a transmission component and/or a distribution component and will be determined on an hourly basis during the month. The generation component applies to any hour of the month when low reserve margins for available generation are expected to require the operation of combustion turbines. The transmission and/or distribution component applies to any hour during the billing month when the system demand is expected to exceed 90 percent of the forecasted summer peak demand. The transmission component applies to customers served from the transmission system. Both the transmission and distribution components apply to customers served from the distribution system. If none of the above conditions occur during the month, the Rationing Charge will be zero.

Hourly Energy Charge: The Hourly Energy Charge (¢/kWh) is the hourly charge equal to expected marginal production cost including line losses, and other directly-related costs.

Hourly Price: The Hourly Price (¢/kWh) is the sum of the Hourly Rationing Charge and the Hourly Energy Charge.

Forecasted Hourly Price for PBL Adjustment: The Forecasted Hourly Price for PBL Adjustment is the year ahead forecasted hourly price per kilowatt hour used to determine the PBL Adjustment Charge.

PBL Risk Premium: A monthly charge (or credit) will be applied to compensate the Company or Customer for taking additional price risk associated with the choice of a PBL.

Incremental Demand: The Incremental Demand for local distribution facilities (KW per month) is the amount by which the maximum integrated 30–minute demand during the month for which the bill is rendered exceeds the Billing Demand plus Standby Demand (if applicable), or for time of use rates, the On-peak Billing Demand, plus Economy Demand, plus Standby Demand, (if applicable) used in determining the CBL charge for the same billing period.

Contract Demand: The Company will require contracts to specify a Contract Demand which will be the maximum demand to be delivered under normal conditions.

Month: The term "month" as used in this Schedule means the period intervening between readings of electronic pulse data for the purpose of monthly billings. Such data will be collected each month at intervals of approximately thirty (30) days.

RATE:

Administrative Charge: $365.00 per month.

CBL Charge: The CBL Charge ($/month) is determined each month by calculating a bill on the current version of the Customer's qualifying rate schedule using the CBL for the month to arrive at the appropriate monthly demand and energy amounts. All provisions of the qualifying rate schedule, including Determination of Billing Demand, Minimum Bill, Approved Fuel Charge Adjustments, Extra Facilities Charge, Interconnection Facilities Charge, etc. will apply to the bill calculation used to determine the CBL Charge.

PBL Adjustment Charge/Credit: The sum of the Forecasted Hourly Price for PBL Adjustment and any Fuel Charge Adjustment that occurs after the PBL is established is multiplied by the difference between the PBL and CBL for each hour. The result is summed for all hours of the billing month. The PBL Risk Premium is added to this sum to obtain the PBL Adjustment Charge/Credit.

Incremental Demand Charge: $ 0.25 per KW of Incremental Demand per month

Contribution to Fixed Costs: A charge of $0.005/kWh will be applied to the Net Incremental Energy for the month, but shall not be less than zero.

BILL DETERMINATION

The monthly bill under this Schedule shall be the sum of the Administrative Charge, CBL Charge, PBL Adjustment Charge/Credit, Hourly Charges, Incremental Demand Charge, Standby Charge (if applicable), and Contribution to Fixed Costs and shall be the minimum bill.

Where: Administrative Charge = $365.00 per month
CBL Charge = $ amount calculated from CBL
PBL Adjustment Charge/Credit = $ amount calculated from PBL
Hourly Charges = Sum of [(New Load kWh per hour – Reduced Load kWh per hour) X (Hourly Price)]
Incremental Demand Charge = Incremental Demand KW x $0.25 per KW
Standby Charge = (see Provision for Customers Operating in Parallel with the Company)
Contribution to Fixed Costs = Net Incremental Energy X Contribution to Fixed Costs, but not less than zero

MINIMUM BILL

The minimum bill shall be the bill calculated according to Bill Determination above, but the Incremental Demand Charge shall not be less than $0.25 per KW times 50% of the Contract Demand.

DETERMINATION OF PRICING PERIODS

Each hour of the day is a distinct pricing period. The initial pricing period of the day is a one-hour period beginning at 12:00:01 a.m. and ending at 1:00:00 a.m. The last pricing hour of the day begins at 11:00:01 p.m. and ends at 12:00 midnight.

HOURLY PRICE DETERMINATION

Each business day by 4:00 p.m., the Hourly Energy Charges, and Hourly Rationing Charges, if applicable, for the 24 hours of the following day will be communicated to the Customer. Prices for weekends and Company holidays will be communicated to the Customer by 4:00 p.m. on the last business day before the weekend or holiday. The Customer is responsible for notifying the Company if he fails to receive the price information.

DETERMINATION OF HOURLY PRICES FOR PBL ADJUSTMENT

Each year, the Company will perform a 12-month forecast of hourly prices used to determine the PBL Adjustment Charge.

CONFIDENTIALITY

The hourly Energy Charges and Rationing Charges and the PBL Adjustment Charge communicated to the Customer (collectively Charges) are confidential and proprietary information of the Company. The Customer will use the Charges only in connection with service under this Schedule. The Customer will keep the Charges confidential and shall not disclose the Charges to any third party. The Customer is entitled to disclose the Charges to the Customer's employees or agents who have a business need to know for the purpose of operating under this Schedule. The Customer will advise those to whom it discloses the Charges their obligation not to disclose the information except as permitted under this Schedule. In addition to seeking relief from the Commission for a violation of this Agreement, the Company will have a right to resort to all actions available at law or at equity for a breach of this provision.

PROVISION FOR CUSTOMERS OPERATING IN PARALLEL WITH THE COMPANY

If a Customer has power generating facilities operated in parallel with the Company and the CBL Charge is not calculated under Schedule PG, the Standby Charge, Determination of Standby Charges and Interconnection Facilities Charge provisions of Schedule PG shall be applicable to service under this Schedule. The Incremental Demand Charge does not apply to any incremental demand that is less than Standby Demand.

PROVISION FOR CUSTOMERS SERVED UNDER RIDER IS

For Customers served under Rider IS, the Interruptible Contract Demand shall be the same as that contracted for during the baseline period. Further, the calculation of the Effective Interruptible Demand (EID) each month will exclude all energy consumed above the CBL. The Hourly Rationing Charge will not apply to reduced load above Firm Contract Demand during the hours of interruption periods.

POWER FACTOR CORRECTION

When the average monthly power factor of the Customer's power requirements is less than 85 percent, the Company may correct the kWh of Load for each hour, and the kilowatts of Incremental Demand by multiplying by 85 percent and dividing by the average power factor in percent. When the hourly power factor of the Customer's power requirements is less than 85 percent, and the Customer is operating in parallel, the Company will correct the kWh of Load for that hour, and the kilowatts of Incremental Demand, if established in that hour, by multiplying by 85 percent and dividing by the average power factor in percent for that hour.

APPROVED FUEL CHARGE ADJUSTMENTS

The Company's Adjustment for Fuel Costs is incorporated as a part of, and will apply to all service supplied under this Schedule, including determination of the CBL and PBL charges.

INTERIM LOAD RETENTION RIDER

The Company's Interim Load Retention Rider decrement will apply to service supplied to establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual published by the United States Government, and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.

EXTRA FACILITIES CHARGE

A monthly "Extra Facilities Charge" equal to 1.7% of the installed cost of extra facilities necessary for service under this Schedule, but not less than $25, shall be billed to the Customer in addition to the bill under this Schedule described under Bill Determination and any applicable Extra Facilities Charge included in the CBL Charge.

MODIFICATIONS OF THE CBL and PBL

The CBL and PBL will normally represent a full year under the same rate design or structure. The CBL may be reestablished every four years. Modifications to the CBL or the PBL may be allowed at the option of the Company under certain situations. These situations may include, but are not limited to, the following:

- Adjustments of load patterns associated with annual plant shutdowns, or to smooth random variations in the load pattern, provided the modifications result in revenue neutrality
- One-time permanent modifications to the physical establishment capacity completed prior to initiating service on this schedule
- Adjustments to reflect any Company-sponsored load management program
- Changes in Contract Demand.

PAYMENT

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 1/2%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD AND EARLY TERMINATION

Each Customer shall enter into a contract to purchase electricity under this Schedule for a minimum original term of one (1) year, but the Company may require a contract for a longer original term of years where the requirement is justified by circumstances. The Customer's contract will continue thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term or at any time thereafter, by giving at least sixty (60) days previous notice of such termination in writing. In the event the Customer requests an amendment to or termination of the agreement before the expiration of the initial term of contract, the Customer shall pay to the Company as an early termination charge the lower of:

(a) The net present value of the monthly minimum bills, including, but not limited to, basic facilities, demand, and extra facilities charges, for the remaining term under the agreement less the expected net present value of the monthly minimum bills for the initial term of contract of any successor Customer who has applied for service at the premises prior to the effective date of the contract amendment or termination, provided, however, this amount shall not be less than zero.

or

(b) The sum of:

1) The loss due to early retirement ("LDER") of all transmission and distribution facilities specifically installed by the Company in order to provide the Customer with electric service under the agreement to the extent that such facilities will not be utilized by the Company to provide service under the initial term of contract of any successor Customer who has applied for service at the premises prior to the effective date of the contract amendment or termination. The LDER amount shall be calculated as the installed cost of such facilities less accumulated depreciation, less any salvage value, plus removal cost, provided, however, this amount shall not be less than zero;

and

2) A payment necessary to recover marginal costs for all energy consumed above the CBL. This payment will be calculated as the difference between the PBL Adjustment Charge collected from the Customer under this Schedule for the current period for which a PBL has been established and an amount determined by applying Hourly Prices under this Schedule to the PBL established for the current period, provided however that this amount cannot be less than zero.

If the Customer discontinues the PBL prior to the completion of the 12-month period for which the PBL is established, the Customer must discontinue service under this schedule and must take all service under the applicable standard tariff as described in the Availability section. In addition, the Customer must make a payment sufficient for the Company to recover marginal costs for all energy consumed above the CBL. This payment will be calculated as the difference between the PBL Adjustment Charge collected from the Customer under this Schedule for the period during which the PBL has been effective and an amount determined by applying the actual Hourly Prices realized under this Schedule to the PBL for that period, provided however that this amount cannot be less than zero.

South Carolina Original (Proposed) Leaf No. XX
Effective for bills on and after _________ 2005
PSCSC Docket No. 2005-___-__
Order dated ____________